

2009 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB794)

Received: 03/22/2010

Received By: mshovers

Wanted: As time permits

Companion to LRB:

For: Donald Friske (608) 266-7694

By/Representing: Tim

May Contact:

Drafter: mshovers

Subject: Tax, Individual - income credit
Tax, Business - crp inc, fran

Addl. Drafters: jkreye

Extra Copies:

Submit via email: YES

Requester's email: Rep.Friske@legis.wisconsin.gov

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Individual income, corporate income and franchise tax credit; thermal biomass heating system

Instructions:

See attached. Eliminate tax exemptions and credit for thermal biomass fuel; reduce credit for thermal biomass heating system to 70%.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 03/22/2010	nnatzke 03/22/2010		_____			
/1	jkreye 03/26/2010	nnatzke 03/29/2010	jfrantze 03/22/2010	_____	mbarman 03/22/2010	mbarman 03/22/2010	
/2			rschluet 03/29/2010	_____	mbarman 03/29/2010	mbarman 03/29/2010	

FE Sent For:

<END>

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/?	mshovers 03/22/2010	nmatzke 03/22/2010					
/1		1/2 nwn 3/29	jfrantze 03/22/2010		mbarman 03/22/2010	mbarman 03/22/2010	

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1/?	mshovers	1 nwn 3/22	2/22	3/22			
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11 MES 3/21/10

FE Sent For:

<END>

Shovers, Marc

From: Rep.Friske
Sent: Friday, March 19, 2010 1:02 PM
To: Shovers, Marc

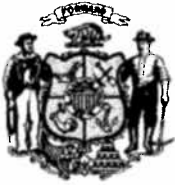
Marc,

Could you please begin drafting a /1 substitute amendment to AB 794 that:

- ✓ Eliminates all tax exemptions (sales and property); and
- ✓ Eliminates the income tax credit for thermal biomass fuel; and
- ✓ Reduces the thermal biomass heating system tax credit to 70%

Tim Gary

*I think this is
good to go + it's
been forwarded to
editing, but in
case you want to
check it over.....*



State of Wisconsin
2009 - 2010 LEGISLATURE

50351/1
LRB-07314
MES&JK:nwn:ph
RMNR

ASA

to 2009 ASSEMBLY BILL 794

March 2, 2010 - Introduced by Representatives FRISKE, MOLEPSKE JR., MURSAU, MEYER, M. WILLIAMS, BROOKS, HRAYCHUCK, KESTELL, A. OTT, SUDER, TAUCHEN, TOWNSEND and TURNER, cosponsored by Senators KREITLOW and TAYLOR. Referred to Committee on Jobs, the Economy and Small Business.

SA ✓

Today

→ (regen)

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45
2 (2) (a) 10. and 77.92 (4); and *to create* 70.11 (45), 71.07 (6f), 71.07 (6g), 71.10
3 (4) (cf), 71.10 (4) (cg), 71.28 (6f), 71.28 (6g), 71.30 (3) (af), 71.30 (3) (ag), 71.47
4 (6f), 71.47 (6g), 71.49 (1) (af), 71.49 (1) (ag) and 77.54 (58) of the statutes;
5 **relating to** ^{creating a} nonrefundable individual and corporate income and franchise tax
6 credits ^{or} for purchasing a thermal biomass heating system and fuel for such a
7 system, property tax exemptions for thermal biomass heating systems and
8 facilities used to store fuel for such systems, and a sales and use tax exemption
9 for purchasing a thermal biomass heating system.

Substitute amendment

Analysis by the Legislative Reference Bureau

This ~~bill~~ creates a nonrefundable individual income tax credit, and a corporate income and franchise tax credit, for the purchase of a thermal biomass heating system (system) and a ~~similar nonrefundable credit for the purchase of biomass fuel for such a system.~~ Under the ~~bill~~, a claimant may claim 100 percent of the cost the claimant spends for the purchase and installation of a system in the claimant's primary residence or place of business. ~~A claimant may also claim a credit for 100 percent of the cost of fuel for a system that is installed in the claimant's primary residence or place of business.~~

70 ✓

ASSEMBLY BILL 794

To be eligible for the credit, the system must comply with all state requirements related to emissions of air contaminants, and the provisions of the federal Clean Air Act, that apply to the system on the day it is purchased. The credit related to purchasing a system, ~~or fuel for the system~~ for an individual's primary residence may not be claimed by a nonresident or part-year resident of the state. Because the credit is nonrefundable, it may be claimed only up to the amount of a taxpayer's income or franchise tax liability.

Under the ~~bill~~, a system is defined as a stove, furnace, or boiler that generates heat from biomass and provides an energy efficiency conversion of at least 75 percent. Subject to a number of exceptions, such as an exception for garbage and for certain nonvegetation-based waste, biomass is defined under the ~~bill~~ as a resource that derives energy from wood or plant material or residue, biological waste, crops grown for use as such a resource, or landfill gases.

~~The bill also creates real and personal property tax exemptions for a system and for facilities that are used to store fuel for such a system. Finally, the bill creates a sales and use tax exemption for the purchase of a system, including accessories, attachments, and repair parts.~~

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 70.11 (45) of the statutes is created to read:

70.11 (45) THERMAL BIOMASS HEATING SYSTEMS. (a) Thermal biomass heating systems, as defined in s. 71.07 (6f) (a) 4., including accessories, attachments, and repair parts, but not including equipment or components that would be present as part of a conventional energy system.

(b) All property of a facility that is used to store fuel made from biomass, as defined in s. 196.378 (1) (ar), if the fuel is sold for use in thermal biomass heating systems, as defined in s. 71.07 (6f) (a) 4.

SECTION 2. 71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Acts 2 and 28, is amended to read:

ASSEMBLY BILL 794

1 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
2 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),
3 (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), ~~(6f), (6g)~~ and (8r) and not passed through by
4 a partnership, limited liability company, or tax-option corporation that has added
5 that amount to the partnership's, company's, or tax-option corporation's income
6 under s. 71.21 (4) or 71.34 (1k) (g).

7 **SECTION 3.** 71.07 (6f) of the statutes is created to read:

8 71.07 (6f) THERMAL BIOMASS HEATING SYSTEMS CREDIT. (a) *Definitions.* In this
9 subsection:

10 1. "Air quality standards" means all requirements under ch. 285 and 42 USC
11 7401 to 7671q.

12 2. "Biomass" has the meaning given in s. 196.378 (1) (ar).

13 3. "Claimant" means a person who files a claim under this subsection.

14 4. "Thermal biomass heating system" means a stove, furnace, or boiler that
15 generates heat from biomass by providing an energy efficiency conversion of at least
16 75 percent and meets any air quality standards that apply to the system on the day
17 on which it is purchased.

18 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
19 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
20 amount of those taxes, ~~100~~⁷⁰ percent of the installed cost of a thermal biomass heating
21 system that the claimant paid in the taxable year for a system that is installed in the
22 claimant's primary residence in this state or in the claimant's place of business in this
23 state.

ASSEMBLY BILL 794

SECTION 3

1 (c) *Limitations.* 1. No credit may be claimed under this subsection by a
2 part-year resident or a nonresident of this state for amounts paid to install a thermal
3 biomass heating system in the claimant's primary residence in this state.

4 2. Partnerships, limited liability companies, and tax-option corporations may
5 not claim the credit under this subsection, but the eligibility for, and the amount of,
6 the credit are based on their payment of amounts under par. (b). A partnership,
7 limited liability company, or tax-option corporation shall compute the amount of
8 credit that each of its partners, members, or shareholders may claim and shall
9 provide that information to each of them. Partners, members of limited liability
10 companies, and shareholders of tax-option corporations may claim the credit in
11 proportion to their ownership interests.

12 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
13 s. 71.28 (4), applies to the credit under this subsection.

14 **SECTION 4.** 71.07 (6g) of the statutes is created to read:

15 71.07 **(6g)** THERMAL BIOMASS FUEL CREDIT. (a) *Definitions.* In this subsection:

- 16 1. "Biomass" has the meaning given in s. 196.378 (1) (ar).
17 2. "Claimant" means a person who files a claims under this subsection.
18 3. "Fuel" means fuel that is made from biomass and is used to power a thermal
19 biomass heating system.

- 20 4. "Thermal biomass heating system" has the meaning given in sub. (6f) (a) 4.

21 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
22 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
23 amount of those taxes, 100 percent of the amount that the claimant paid in the
24 taxable year for fuel used in a thermal biomass heating system that is installed in

ASSEMBLY BILL 794

1 the claimant's primary residence in this state or in the claimant's place of business
2 in this state.

3 (c) *Limitations.* 1. No credit may be claimed under this subsection by a
4 part-year resident or a nonresident of this state for amounts paid for fuel used in a
5 thermal biomass heating system in the claimant's primary residence in this state.

6 2. Partnerships, limited liability companies, and tax-option corporations may
7 not claim the credit under this subsection, but the eligibility for, and the amount of,
8 the credit are based on their payment of amounts under par. (b). A partnership,
9 limited liability company, or tax-option corporation shall compute the amount of
10 credit that each of its partners, members, or shareholders may claim and shall
11 provide that information to each of them. Partners, members of limited liability
12 companies, and shareholders of tax-option corporations may claim the credit in
13 proportion to their ownership interests.

14 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
15 s. 71.28 (4), applies to the credit under this subsection. ✓

16 **SECTION 5.** 71.10 (4) (cf) of the statutes is created to read:

17 71.10 (4) (cf) The thermal biomass heating systems credit under s. 71.07 (6f). ✓

18 ~~**SECTION 6.** 71.10 (4) (cg) of the statutes is created to read:~~ ✓

19 71.10 (4) (cg) The thermal biomass fuel credit under s. 71.07 (6g). ✓

20 **SECTION 7.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Acts 2 and
21 28, is amended to read:

22 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
23 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),
24 (5e), (5f), (5g), (5h), (5i), (5j), (5k), (6f), (6g) and (8r) and passed through to partners
25 shall be added to the partnership's income.

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SECTION 8

1 **SECTION 8.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Acts
2 2 and 28, is amended to read:

3 71.26 **(2)** (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
4 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),
5 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), ~~(6f)~~ [✓] (6g) and (8r) and not passed through by
6 a partnership, limited liability company, or tax-option corporation that has added
7 that amount to the partnership's, limited liability company's, or tax-option
8 corporation's income under s. 71.21 (4) or 71.34 (1k) (g).[✓]

9 **SECTION 9.** 71.28 (6f) of the statutes is created to read:

10 71.28 **(6f)** THERMAL BIOMASS HEATING SYSTEMS CREDIT. (a) *Definitions.* In this
11 subsection:

12 1. "Air quality standards" means all requirements under ch. 285 and 42 USC
13 7401 to 7671q.

14 2. "Biomass" has the meaning given in s. 196.378 (1) (ar).

15 3. "Claimant" means a person who files a claim under this subsection.

16 4. "Thermal biomass heating system" means a stove, furnace, or boiler that
17 generates heat from biomass by providing an energy efficiency conversion of at least
18 75 percent and meets any air quality standards that apply to the system on the day
19 on which it is purchased.

20 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
21 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
22 amount of those taxes, ~~10%~~ ^{70%} percent of the installed cost of a thermal biomass heating
23 system that the claimant paid in the taxable year for a system that is installed in the
24 claimant's place of business in this state.

ASSEMBLY BILL 794

1 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
2 corporations may not claim the credit under this subsection, but the eligibility for,
3 and the amount of, the credit are based on their payment of amounts under par. (b).
4 A partnership, limited liability company, or tax-option corporation shall compute
5 the amount of credit that each of its partners, members, or shareholders may claim
6 and shall provide that information to each of them. Partners, members of limited
7 liability companies, and shareholders of tax-option corporations may claim the
8 credit in proportion to their ownership interests.

9 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
10 sub. (4), applies to the credit under this subsection.

11 **SECTION 10.** 71.28 (6g) of the statutes is created to read:

12 71.28 **(6g)** THERMAL BIOMASS FUEL CREDIT. (a) *Definitions.* In this subsection:

13 1. "Biomass" has the meaning given in s. 196.378 (1) (ar).
14 2. "Claimant" means a person who files a claims under this subsection.
15 3. "Fuel" means fuel that is made from biomass and is used to power a thermal
16 biomass heating system.

17 4. "Thermal biomass heating system" has the meaning given in sub. (6f) (a) 4.

18 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
19 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
20 amount of those taxes, 100 percent of the amount that the claimant paid in the
21 taxable year for fuel used in a thermal biomass heating system that is installed in
22 the claimant's primary residence in this state or in the claimant's place of business
23 in this state.

24 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
25 corporations may not claim the credit under this subsection, but the eligibility for,

ASSEMBLY BILL 794

SECTION 10

1 and the amount of, the credit are based on their payment of amounts under par. (b).

2 A partnership, limited liability company, or tax-option corporation shall compute
3 the amount of credit that each of its partners, members, or shareholders may claim
4 and shall provide that information to each of them. Partners, members of limited
5 liability companies, and shareholders of tax-option corporations may claim the
6 credit in proportion to their ownership interests.

7 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
8 ~~sub. (4), applies to the credit under this subsection.~~

9 **SECTION 11.** 71.30 (3) (af) of the statutes is created to read:

10 71.30 (3) (af) The thermal biomass heating systems credit under s. 71.28 (6f). ✓

11 **SECTION 12.** 71.30 (3) (ag) of the statutes is created to read:

12 71.30 (3) (ag) The thermal biomass fuel credit under s. 71.28 (6g). ✓

13 **SECTION 13.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Acts
14 2 and 28, is amended to read:

15 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
16 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
17 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (6f),
18 (6g), and (8r) and passed through to shareholders. ✓

19 **SECTION 14.** 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Acts
20 2 and 28, is amended to read:

21 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
22 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (5e), (5f),
23 (5g), (5h), (5i), (5j), (5k), (6f), (6g), and (8r) and not passed through by a partnership,
24 limited liability company, or tax-option corporation that has added that amount to
25 the partnership's, limited liability company's, or tax-option corporation's income

ASSEMBLY BILL 794

1 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47
2 (1), (3), (3t), (4), (4m), and (5).[✓]

3 **SECTION 15.** 71.47 (6f) of the statutes is created to read:

4 **71.47 (6f) THERMAL BIOMASS HEATING SYSTEMS CREDIT.** (a) *Definitions.* In this
5 subsection:

6 1. "Air quality standards" means all requirements under ch. 285 and 42 USC
7 7401 to 7671q.

8 2. "Biomass" has the meaning given in s. 196.378 (1) (ar).

9 3. "Claimant" means a person who files a claim under this subsection.

10 4. "Thermal biomass heating system" means a stove, furnace, or boiler that
11 generates heat from biomass by providing an energy efficiency conversion of at least
12 75 percent and meets any air quality standards that apply to the system on the day
13 on which it is purchased.

14 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
15 claimant may claim as a credit against the tax imposed under s. 71.43, up to the
16 amount of those taxes, ~~100~~⁷⁰ percent of the installed cost of a thermal biomass heating
17 system that the claimant paid in the taxable year for a system that is installed in the
18 claimant's place of business in this state.

19 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
20 corporations may not claim the credit under this subsection, but the eligibility for,
21 and the amount of, the credit are based on their payment of amounts under par. (b).
22 A partnership, limited liability company, or tax-option corporation shall compute
23 the amount of credit that each of its partners, members, or shareholders may claim
24 and shall provide that information to each of them. Partners, members of limited

ASSEMBLY BILL 794

SECTION 15

1 liability companies, and shareholders of tax-option corporations may claim the
2 credit in proportion to their ownership interests.

3 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
4 s. 71.28 (4), applies to the credit under this subsection.

5 **SECTION 16.** 71.47 (6g) of the statutes is created to read:

6 **71.47 (6g) THERMAL BIOMASS FUEL CREDIT.** (a) *Definitions.* In this subsection:

- 7 1. "Biomass" has the meaning given in s. 196.378 (1) (ar).
8 2. "Claimant" means a person who files a claims under this subsection.
9 3. "Fuel" means fuel that is made from biomass and is used to power a thermal
10 biomass heating system.

- 11 4. "Thermal biomass heating system" has the meaning given in sub. (6f) (a) 4.

12 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
13 claimant may claim as a credit against the tax imposed under s. 71.43, up to the
14 amount of those taxes, 100 percent of the amount that the claimant paid in the
15 taxable year for fuel used in a thermal biomass heating system that is installed in
16 the claimant's primary residence in this state or in the claimant's place of business
17 in this state.

18 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
19 corporations may not claim the credit under this subsection, but the eligibility for,
20 and the amount of, the credit are based on their payment of amounts under par. (b).
21 A partnership, limited liability company, or tax-option corporation shall compute
22 the amount of credit that each of its partners, members, or shareholders may claim
23 and shall provide that information to each of them. Partners, members of limited
24 liability companies, and shareholders of tax-option corporations may claim the
25 credit in proportion to their ownership interests.

ASSEMBLY BILL 794

(d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

SECTION 17. 71.49 (1) (af) of the statutes is created to read:

71.49 (1) (af) The thermal biomass heating systems credit under s. 71.47 (6f).

SECTION 18. 71.49 (1) (ag) of the statutes is created to read:

71.49 (1) (ag) The thermal biomass fuel credit under s. 71.47 (6g).

SECTION 19. 77.54 (58) of the statutes is created to read:

77.54 (58) The sales price from the sale of and the storage, use, or other consumption of a thermal biomass heating system, as defined in s. 71.07 (6f) (a) 4., including accessories, attachments, and repair parts, but not including equipment or components that would be present as part of a conventional energy system.

SECTION 20. 77.92 (4) of the statutes, as affected by 2009 Wisconsin Acts 2 and 28, is amended to read:

77.92 (4) "Net business income," with respect to a partnership, means taxable income as calculated under section 703 of the Internal Revenue Code; plus the items of income and gain under section 702 of the Internal Revenue Code, including taxable state and municipal bond interest and excluding nontaxable interest income or dividend income from federal government obligations; minus the items of loss and deduction under section 702 of the Internal Revenue Code, except items that are not deductible under s. 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (6f), (6g), and (8r); and plus or minus, as appropriate, transitional adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,

ASSEMBLY BILL 794**SECTION 20**

1 loss, and deductions from farming. "Net business income," with respect to a natural
2 person, estate, or trust, means profit from a trade or business for federal income tax
3 purposes and includes net income derived as an employee as defined in section 3121
4 (d) (3) of the Internal Revenue Code.

SECTION 21. Initial applicability.

6 (f) The treatment of section 70.11 (45) of the statutes first applies to the
7 ~~property tax assessments as January 1, 2010.~~

8 (g) (2) The treatment of sections 71.05 (6) (a) 15., 71.07 (6f) and (6g), 71.10 (4) (cf)
9 and (cg), 71.21 (4), 71.26 (2) (a) 4., 71.28 (6f) and (6g), 71.30 (3) (af) and (ag), 71.34
10 (1k) (g), 71.45 (2) (a) 10., 71.47 (6f) and (6g), and 77.92 (4) of the statutes first applies
11 to taxable years beginning on January 1 of the year in which this subsection takes
12 effect, except that if this subsection takes effect after July 31 the treatment of
13 sections 71.05 (6) (a) 15., 71.07 (6f) and (6g), 71.10 (4) (cf) and (cg), 71.21 (4), 71.26
14 (2) (a) 4., 71.28 (6f) and (6g), 71.30 (3) (af) and (ag), 71.34 (1k) (g), 71.45 (2) (a) 10.,
15 71.47 (6f) and (6g), and 77.92 (4) of the statutes first applies to taxable years
16 beginning on January 1 of the year following the year in which this subsection takes
17 effect.

18 **SECTION 22. Effective dates.** This act takes effect on the day after publication,
19 except as follows:

20 (1) The treatment of section 77.54 (58) of the statutes takes effect on the first
21 day of the 3rd month beginning after publication.

22 (END)

Kreye, Joseph

From: Gary, Tim
Sent: Tuesday, March 23, 2010 3:17 PM
To: Shovers, Marc; Kreye, Joseph
Subject: AB 794 ASA1

Importance: High

Please amend LRBs0351/1

Eliminate all tax exemptions (sales and property); and
Eliminate the income tax credit for thermal biomass fuel; and

Change income tax credit (from 100% in AB 794 and setting them at 50% for stoves, 30% for furnaces and 30% for boilers in 2011 and reduce them as follows:

1) **Individual Income Tax Credit Caps**

a. **Residential Income Tax Credit Caps**

- i. 2011 – 2012 Place a \$3,600 or **30%** (whichever is less) cap on tax credits for furnace and boiler purchases and installations (\$12K - \$3.6K = \$8.4K)
- ii. 2013 – 2014 Place a \$3,000 or **25%** (whichever is less) cap on tax credits for furnace and boiler purchases and installations (\$12K - \$3.0K = \$9.0K)
- iii. 2015 – 2016 Place a \$2,400 or **20%** (whichever is less) cap on tax credits for furnace and boiler purchases and installations (\$12K - \$2.4K = \$9.6K)
- iv. 2017 **Eliminate the tax credit** on furnaces and boilers
- v. 2011 – 2012 Place a \$2,500 or **50%** (whichever is less) cap on tax credits for stove purchases and installations income tax credits (\$5K - \$2.5K = \$2.5K)
- vi. 2013 – 2014 Place a \$2,000 or **40%** (whichever is less) cap on tax credits for stove purchases and installations income tax credits (\$5K - \$2.0K = \$3.0K)
- vii. 2015 – 2016 Place a \$1,500 or **30%** (whichever is less) cap on tax credits for stove purchases and installations income tax credits (\$5K - \$1.5K = \$3.5K)
- viii. 2017 **Eliminate the tax credit on stoves**

b. **Commercial Income Tax Credit Caps**

- i. 2011 – 2012 Place a \$4,500 or **30%** (whichever is less) cap on tax credits for furnace and boiler purchases and installations (\$15K - \$4.5K = \$10.5K)
- ii. 2013 – 2014 Place a \$3,750 or **25%** (whichever is less) cap on tax credits for furnace and boiler purchases and installations (\$15K - \$3.75K = \$11.25K)
- iii. 2015 – 2016 Place a \$3,000 or **20%** (whichever is less) cap on tax credits for furnace and boiler purchases and installations (\$15K - \$3.0K = \$12.0K)
- iv. 2017 **Eliminate the tax credit on furnaces and boilers**
- v. 2011 – 2012 Place a \$2,500 or **50%** (whichever is less) cap on tax credits for stove purchases and installations income tax credits (\$5K - \$2.5K = \$2.5K)
- vi. 2013 – 2014 Place a \$2,000 or **40%** (whichever is less) cap on tax credits for stove purchases and installations income tax credits (\$5K - \$2.0K = \$3.0K)

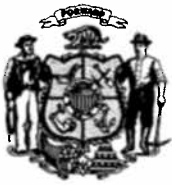
- vii. 2015 – 2016 Place a \$1,500 or **30%** (whichever is less) cap on tax credits for stove purchases and installations income tax credits (\$5K - \$1.5K = \$3.5K)
 - viii. 2017 **Eliminate the tax credit on stoves**
 - c. Industrial Income Tax Credit Caps
 - i. 2011 – 2012 Place a \$45,000 or **30%** (whichever is less) cap on tax credits for furnace and boiler purchases and installations (\$150K - \$45K = \$105K)
 - ii. 2013 – 2014 Place a \$37,500 or **25%** (whichever is less) cap on tax credits for furnace and boiler purchases and installations (\$150K - \$37.5K = \$112.5K)
 - iii. 2015 – 2016 Place a \$30,000 or **20%** (whichever is less) cap on tax credits for furnace and boiler purchases and installations (\$150K - \$30K = \$120K)
 - iv. 2017 **Eliminate the tax credit on furnaces and boilers**
 - v. 2011 – 2012 Place a \$2,500 or **50%** (whichever is less) cap on tax credits for stove purchases and installations income tax credits (\$5K - \$2.5K = \$2.5K)
 - vi. 2013 – 2014 Place a \$2,000 or **40%** (whichever is less) cap on tax credits for stove purchases and installations income tax credits (\$5K - \$2.0K = \$3.0K)
 - vii. 2015 – 2016 Place a \$1,500 or **30%** (whichever is less) cap on tax credits for stove purchases and installations income tax credits (\$5K - \$1.5K = \$3.5K)
 - viii. 2017 **Eliminate the tax credit on stoves**
- 2) **Overall Program Tax Credit Caps**
 - a. Residential
 - i. Place an annual program cap on tax credits following chart A1
 - 1. If more is claimed, then the credits are to be prorated
 - 2. If less is claimed, then the unused credits are to be rolled into the next tax year and remain available
 - 3. Credits should be allowed to be carried forward for three years and used in different tax years.
 - b. Commercial and industrial
 - i. Place an annual program cap on tax credits following chart A1
 - 1. If more is claimed, then the credits are to be prorated
 - 2. If less is claimed, then the unused credits are to be rolled into the next tax year and remain available
 - 3. Credits should be allowed to be carried forward for three years and used in different tax years.

CHART A1

Year	Residential Program Cap (Millions)	Commercial & Industrial Program Cap (Millions)	Total (Millions)
2011	2	1	3
2012	5	2	7
2013	6	3	9
2014	7	4	11
2015	7	4	11
2016	6	3	9
Total	33	17	50

(This is what the final cost to the State of Wisconsin will be)

- 3) Effective Date
 - a. Change to January 1, 2011
- 4) Sunset Date
 - a. Create to expire on December 31, 2016



State of Wisconsin
2009 - 2010 LEGISLATURE

Now

LRBs0351/12
MES&JK:nwn:jf

PM 1R

ASSEMBLY SUBSTITUTE AMENDMENT ,
TO 2009 ASSEMBLY BILL 794

in Fri. 3-26-10

due mon 3-29

AM

Regen.

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45
2 (2) (a) 10. and 77.92 (4); and *to create* 71.07 (6f), 71.10 (4) (cf), 71.28 (6f), 71.30
3 (3) (af), 71.47 (6f) and 71.49 (1) (af) of the statutes; **relating to:** creating a
4 nonrefundable individual and corporate income and franchise tax credit for
5 purchasing a thermal biomass heating system.

Analysis by the Legislative Reference Bureau

This substitute amendment creates a nonrefundable individual income tax credit, and a corporate income and franchise tax credit, for the purchase of a thermal biomass heating system (system). Under the substitute amendment, a claimant may claim 70 percent of the cost the claimant spends for the purchase and installation of a system in the claimant's primary residence or place of business.

To be eligible for the credit, the system must comply with all state requirements related to emissions of air contaminants, and the provisions of the federal Clean Air Act, that apply to the system on the day it is purchased. The credit related to purchasing a system for an individual's primary residence may not be claimed by a nonresident or part-year resident of the state. Because the credit is nonrefundable, it may be claimed only up to the amount of a taxpayer's income or franchise tax liability.

Under the substitute amendment, a system is defined as a stove, furnace, or boiler that generates heat from biomass and provides an energy efficiency conversion of at least 75 percent. Subject to a number of exceptions, such as an exception for garbage and for certain nonvegetation-based waste, biomass is defined under the substitute amendment as a resource that derives energy from wood or plant material or residue, biological waste, crops grown for use as such a resource, or landfill gases.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Acts 2 and 28, is amended to read:

71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (6f), and (8r) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 2. 71.07 (6f) of the statutes is created to read:

71.07 **(6f)** THERMAL BIOMASS HEATING SYSTEMS CREDIT. (a) *Definitions.* In this subsection:

1. "Air quality standards" means all requirements under ch. 285 and 42 USC 7401 to 7671q.

2. "Biomass" has the meaning given in s. 196.378 (1) (ar).

3. "Claimant" means a person who files a claim under this subsection.

4. "Thermal biomass heating system" means a stove, furnace, or boiler that generates heat from biomass by providing an energy efficiency conversion of at least 75 percent and meets any air quality standards that apply to the system on the day on which it is purchased.

(b) Filing claims. Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.02, up to the amount of those taxes, 70 percent of the installed cost of a thermal biomass heating system that the claimant paid in the taxable year for a system that is installed in the claimant's primary residence in this state or in the claimant's place of business in this state.

(c) Limitations. 1. No credit may be claimed under this subsection by a part-year resident or a nonresident of this state for amounts paid to install a thermal biomass heating system in the claimant's primary residence in this state.

2. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) Administration. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

SECTION 3. 71.10 (4) (cf) of the statutes is created to read:

71.10 (4) (cf) The thermal biomass heating systems credit under s. 71.07 (6f).

SECTION 4. 71.21 (4) of the statutes, as affected by 2009 Wisconsin Acts 2 and 28, is amended to read:

71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),

1 (5e), (5f), (5g), (5h), (5i), (5j), (5k), (6f), and (8r) and passed through to partners shall
2 be added to the partnership's income.

3 **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Acts
4 2 and 28, is amended to read:

5 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
6 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),
7 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (6f), and (8r) and not passed through by a
8 partnership, limited liability company, or tax-option corporation that has added that
9 amount to the partnership's, limited liability company's, or tax-option corporation's
10 income under s. 71.21 (4) or 71.34 (1k) (g).

11 **SECTION 6.** 71.28 (6f) of the statutes is created to read:

12 71.28 (6f) THERMAL BIOMASS HEATING SYSTEMS CREDIT. (a) *Definitions.* In this
13 subsection:

14 1. "Air quality standards" means all requirements under ch. 285 and 42 USC
15 7401 to 7671q.

16 2. "Biomass" has the meaning given in s. 196.378 (1) (ar).

17 3. "Claimant" means a person who files a claim under this subsection.

18 4. "Thermal biomass heating system" means a stove, furnace, or boiler that
19 generates heat from biomass by providing an energy efficiency conversion of at least
20 75 percent and meets any air quality standards that apply to the system on the day
21 on which it is purchased.

22 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
23 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
24 amount of those taxes, 70 percent of the installed cost of a thermal biomass heating

9
1 system that the claimant paid in the taxable year for a system that is installed in the
2 claimant's place of business in this state.

3 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
4 corporations may not claim the credit under this subsection, but the eligibility for,
5 and the amount of, the credit are based on their payment of amounts under par. (b).
6 A partnership, limited liability company, or tax-option corporation shall compute
7 the amount of credit that each of its partners, members, or shareholders may claim
8 and shall provide that information to each of them. Partners, members of limited
9 liability companies, and shareholders of tax-option corporations may claim the
10 credit in proportion to their ownership interests.

11 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
12 sub. (4), applies to the credit under this subsection.

13 **SECTION 7.** 71.30 (3) (af) of the statutes is created to read:

14 71.30 (3) (af) The thermal biomass heating systems credit under s. 71.28 (6f).

15 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Acts 2
16 and 28, is amended to read:

17 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
18 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
19 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (6f),
20 and (8r) and passed through to shareholders.

21 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Acts
22 2 and 28, is amended to read:

23 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
24 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (5e), (5f),
25 (5g), (5h), (5i), (5j), (5k), (6f), and (8r) and not passed through by a partnership,

limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

SECTION 10. 71.47 (6f) of the statutes is created to read:

71.47 (6f) THERMAL BIOMASS HEATING SYSTEMS CREDIT. (a) *Definitions.* In this subsection:

1. "Air quality standards" means all requirements under ch. 285 and 42 USC 7401 to 7671q.

2. "Biomass" has the meaning given in s. 196.378 (1) (ar).

3. "Claimant" means a person who files a claim under this subsection.

4. "Thermal biomass heating system" means a stove, furnace, or boiler that generates heat from biomass by providing an energy efficiency conversion of at least 75 percent and meets any air quality standards that apply to the system on the day on which it is purchased.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.43, up to the amount of those taxes, 70 percent of the installed cost of a thermal biomass heating system that the claimant paid in the taxable year for a system that is installed in the claimant's place of business in this state.

(c) *Limitations.* Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim

1 and shall provide that information to each of them. Partners, members of limited
2 liability companies, and shareholders of tax-option corporations may claim the
3 credit in proportion to their ownership interests.

4 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
5 s. 71.28 (4), applies to the credit under this subsection.

6 **SECTION 11.** 71.49 (1) (af) of the statutes is created to read:

7 71.49 (1) (af) The thermal biomass heating systems credit under s. 71.47 (6f).

8 **SECTION 12.** 77.92 (4) of the statutes, as affected by 2009 Wisconsin Acts 2 and
9 28, is amended to read:

10 77.92 (4) "Net business income," with respect to a partnership, means taxable
11 income as calculated under section 703 of the Internal Revenue Code; plus the items
12 of income and gain under section 702 of the Internal Revenue Code, including taxable
13 state and municipal bond interest and excluding nontaxable interest income or
14 dividend income from federal government obligations; minus the items of loss and
15 deduction under section 702 of the Internal Revenue Code, except items that are not
16 deductible under s. 71.21; plus guaranteed payments to partners under section 707
17 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
18 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),
19 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (6f), and (8r); and plus or minus, as
20 appropriate, transitional adjustments, depreciation differences, and basis
21 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,
22 loss, and deductions from farming. "Net business income," with respect to a natural
23 person, estate, or trust, means profit from a trade or business for federal income tax
24 purposes and includes net income derived as an employee as defined in section 3121
25 (d) (3) of the Internal Revenue Code.

9

SECTION 13. Initial applicability.

1
2 (1) The treatment of sections 71.05 (6) (a) 15., 71.07 (6f), 71.10 (4) (cf), 71.21 (4),
3 71.26 (2) (a) 4., 71.28 (6f), 71.47 (6f), 71.30 (3) (af), 71.34 (1k) (g), 71.45 (2) (a) 10.,
4 71.47 (6f), and 77.92 (4) of the statutes first applies to taxable years beginning on
5 January 1 of the year in which this subsection takes effect, except that if this
6 subsection takes effect after July 31 the treatment of sections 71.05 (6) (a) 15., 71.07
7 (6f), 71.10 (4) (cf), 71.21 (4), 71.26 (2) (a) 4., 71.28 (6f), 71.30 (3) (af), 71.34 (1k) (g),
8 71.45 (2) (a) 10., 71.47 (6f), and 77.92 (4) of the statutes first applies to taxable years
9 beginning on January 1 of the year following the year in which this subsection takes
10 effect.

11 (END)

INSERT
8-10



State of Wisconsin
2009 - 2010 LEGISLATURE

LRBs0359/1
MES&JK:nwn:md

ASSEMBLY SUBSTITUTE AMENDMENT,
TO 2009 ASSEMBLY BILL 794

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45
2 (2) (a) 10. and 71.92 (4); and *to create* 71.07 (6f), 71.10 (4) (cf), 71.28 (6f), 71.30
3 (3) (af), 71.47 (6f) and 71.49 (1) (af) of the statutes; **relating to:** creating a
4 nonrefundable individual and corporate income and franchise tax credit for
5 purchasing a thermal biomass heating system.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

6 SECTION 1. 71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Acts
7 2 and 28, is amended to read:

8 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
9 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),
10 (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (6f) and (8r) and not passed through by a
11 partnership, limited liability company, or tax-option corporation that has added that

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8-10

amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 2. 71.07 (6f) of the statutes is created to read:

71.07 (6f) THERMAL BIOMASS HEATING SYSTEMS CREDIT. (a) *Definitions.* In this subsection:

1. "Air quality standards" means all requirements under ch. 285 and 42 USC 7401 to 7671q.

2. "Biomass" has the meaning given in s. 196.378 (1) (ar).

3. "Claimant" means a person who files a claim under this subsection.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.02, up to the amount of those taxes, one of the following amounts that the claimant paid in the taxable year to purchase and install in the claimant's primary residence in this state or in the claimant's place of business in this state a stove, furnace, or boiler that generates heat from biomass by providing an energy efficiency conversion of at least 75 percent and meets any air quality standards that apply to the stove, furnace, or boiler on the day on which the stove, furnace, or boiler is purchased:

1. For items that are installed in the claimant's primary residence in this state:

a. For taxable years beginning after December 31, 2010, and before January

1, 2014, with regard to the amounts paid to purchase and install a furnace or boiler, either 30 percent of such amounts or \$3,600, whichever is less.

b. For taxable years beginning after December 31, 2010, and before January

1, 2014, with regard to the amounts paid to purchase and install a stove, either 50 percent of such amounts or \$2,500, whichever is less.

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8-10

1 c. For taxable years beginning after December 31, 2013, and before January
2 1, 2017, with regard to the amounts paid to purchase and install a furnace or boiler,
3 either 25 percent of such amounts or \$3,000, whichever is less.

4 d. For taxable years beginning after December 31, 2013, and before January
5 1, 2017, with regard to the amounts paid to purchase and install a stove, either 40
6 percent of such amounts or \$2,000, whichever is less.

7 e. For taxable years beginning after December 31, 2016, and before January
8 1, 2020, with regard to the amounts paid to purchase and install a furnace or boiler,
9 either 20 percent of such amounts or \$2,400, whichever is less.

10 f. For taxable years beginning after December 31, 2016, and before January 1,
11 2020, with regard to the amounts paid to purchase and install a stove, either 30
12 percent of such amounts or \$1,500, whichever is less.

13 g. For taxable years beginning after December 31, 2019, and before January
14 1, 2021, with regard to the amounts paid to purchase and install a furnace or boiler,
15 either 15 percent of such amounts or \$1,800, whichever is less.

16 h. For taxable years beginning after December 31, 2019, and before January
17 1, 2021, with regard to the amounts paid to purchase and install a stove, either 20
18 percent of such amounts or \$1,000, whichever is less.

19 2. For items that are installed on property that is assessed as commercial
20 property under s. 70.32 (2) (a) 2.:

21 a. For taxable years beginning after December 31, 2010, and before January
22 1, 2014, with regard to the amounts paid to purchase and install a furnace or boiler,
23 either 30 percent of such amounts or \$4,500, whichever is less.

Insert
8-10

2013

b. For taxable years beginning after December 31, 2010, and before January

1, 2014, with regard to the amounts paid to purchase and install a stove, either 50 percent of such amounts or \$2,500, whichever is less.

2015

c. For taxable years beginning after December 31, 2012, and before January

1, 2015, with regard to the amounts paid to purchase and install a furnace or boiler, either 25 percent of such amounts or \$3,750, whichever is less.

2015

d. For taxable years beginning after December 31, 2012, and before January

1, 2015, with regard to the amounts paid to purchase and install a stove, either 40 percent of such amounts or \$2,000, whichever is less.

2017

e. For taxable years beginning after December 31, 2014, and before January

1, 2017, with regard to the amounts paid to purchase and install a furnace or boiler, either 20 percent of such amounts or \$3,000, whichever is less.

2017

f. For taxable years beginning after December 31, 2014, and before January 1,

2017, with regard to the amounts paid to purchase and install a stove, either 30 percent of the such amounts or \$1,500, whichever is less.

g. For taxable years beginning after December 31, 2019, and before January

1, 2021, with regard to the amounts paid to purchase and install a furnace or boiler, either 15 percent of such amounts or \$2,250, whichever is less.

h. For taxable years beginning after December 31, 2019, and before January

1, 2021, with regard to the amounts paid to purchase and install a stove, either 20 percent of such amounts or \$1,000, whichever is less.

3. For items that are installed on property that is assessed as manufacturing

property under s. 70.995:

2013

1 a. For taxable years beginning after December 31, 2010, and before January
2 1, 2014, with regard to the amounts paid to purchase and install a furnace or boiler,
3 either 30 percent of such amounts or \$45,000, whichever is less.

2013

4 b. For taxable years beginning after December 31, 2010, and before January
5 1, 2014, with regard to the amounts paid to purchase and install a stove, either 50
6 percent of such amounts or \$2,500, whichever is less.

2015

7 c. For taxable years beginning after December 31, 2013, and before January
8 1, 2017, with regard to the amounts paid to purchase and install a furnace or boiler,
9 either 25 percent of such amounts or \$37,500, whichever is less.

2015

10 d. For taxable years beginning after December 31, 2013, and before January
11 1, 2017, with regard to the amounts paid to purchase and install a stove, either 40
12 percent of such amounts or \$2,000, whichever is less.

2017

13 e. For taxable years beginning after December 31, 2016, and before January
14 1, 2020, with regard to the amounts paid to purchase and install a furnace or boiler,
15 either 20 percent of such amounts or \$30,000, whichever is less.

2017

16 f. For taxable years beginning after December 31, 2016, and before January 1,
17 2020, with regard to the amounts paid to purchase and install a stove, either 30
18 percent of such amounts or \$1,500, whichever is less.

19 g. For taxable years beginning after December 31, 2019, and before January
20 1, 2021, with regard to the amounts paid to purchase and install a furnace or boiler,
21 either 15 percent of such amounts or \$22,500, whichever is less.

22 h. For taxable years beginning after December 31, 2019, and before January
23 1, 2021, with regard to the amounts paid to purchase and install a stove, either 20
24 percent of such amounts or \$1,000, whichever is less.

(c) *Limitations.* 1. No credit may be claimed under this subsection by a part-year resident or a nonresident of this state for amounts paid to install a furnace, boiler, or stove in the claimant's primary residence in this state.

2. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

3. a. The maximum amount of the credits that may be claimed under this subsection for items installed in primary residences is \$5,000,000 in 2011, \$7,000,000 in 2012, \$10,000,000 in 2013, \$15,000,000 in each year from 2014 to 2017, \$10,000,000 in 2018, \$7,000,000 in 2019, and \$5,000,000 in 2020, except that the department may allocate the amount of any unused credits from one year to another year. \$7,000,000 in 2015, and \$6,000,000 in 2016

b. The maximum amount of the credits that may be claimed under this subsection and ss. 71.28 (6f) and 71.47 (6f) for items installed on commercial or manufacturing property is \$3,000,000 in 2011, \$4,000,000 in 2012, \$5,000,000 in each year from 2013 to 2018, \$4,000,000 in 2019, and \$3,000,000 in 2020, except that the department may allocate the amount of any unused credits from one year to another year.

\$4,000,000 in 2014, \$4,000,000 in 2015, and \$3,000,000 in 2016

Insert
8-10

1 4. The department may prorate the amount of the credits claimed under this
2 subsection and ss. 71.28 (6f) and 71.47 (6f) so that the limitations under subd. 3. are
3 not exceeded.

4 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
5 credit under s. 71.28 (4), applies to the credit under this subsection.

6 2. If a credit computed under this subsection is not entirely offset against
7 Wisconsin income or franchise taxes otherwise due, the unused balance may be
8 carried forward and credited against Wisconsin income or franchise taxes otherwise
9 due for the following 3 taxable years to the extent not offset by these taxes otherwise
10 due in all intervening years between the year in which the expense was incurred and
11 the year in which the carry-forward credit is claimed.

12 (e) *Sunset.* No new claim may be filed under this subsection for taxable years
13 beginning after December 31, ⁹2020 ⁶2016

14 **SECTION 3.** 71.10 (4) (cf) of the statutes is created to read:

15 71.10 (4) (cf) The thermal biomass heating systems credit under s. 71.07 (6f).

16 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Acts 2 and
17 28, is amended to read:

18 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
19 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),
20 (5e), (5f), (5g), (5h), (5i), (5j), (5k), (6f), and (8r) and passed through to partners shall
21 be added to the partnership's income.

22 **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Acts
23 2 and 28, is amended to read:

24 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
25 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),

(3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), ~~(6f)~~ and (8r) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 6. 71.28 (6f) of the statutes is created to read:

71.28 (6f) THERMAL BIOMASS HEATING SYSTEMS CREDIT. (a) *Definitions.* In this subsection:

1. "Air quality standards" means all requirements under ch. 285 and 42 USC 7401 to 7671q.

2. "Biomass" has the meaning given in s. 196.378 (1) (ar).

3. "Claimant" means a person who files a claim under this subsection.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of those taxes, one of the following amounts that the claimant paid in the taxable year to purchase and install in the claimant's place of business in this state a stove, furnace, or boiler that generates heat from biomass by providing an energy efficiency conversion of at least 75 percent and meets any air quality standards that apply to the stove, furnace, or boiler on the day on which the stove, furnace, or boiler is purchased:

1. For items that are installed on property that is assessed as commercial property under s. 70.32 (2) (a) 2.:

2013
a. For taxable years beginning after December 31, 2010, and before January 1, 2014, with regard to the amounts paid to purchase and install a furnace or boiler, either 30 percent of such amounts or \$4,500, whichever is less.

1 ²⁰¹³ b. For taxable years beginning after December 31, 2010, and before January
2 1, ²⁰¹⁴ 2014, with regard to the amounts paid to purchase and install a stove, either 50
3 percent of such amounts or \$2,500, whichever is less.

4 ²⁰¹⁵ c. For taxable years beginning after December 31, ²⁰¹² 2013, and before January
5 1, ²⁰¹⁶ 2017, with regard to the amounts paid to purchase and install a furnace or boiler,
6 either 25 percent of such amounts or \$3,750, whichever is less.

7 ²⁰¹⁵ d. For taxable years beginning after December 31, ²⁰¹² 2013, and before January
8 1, ²⁰¹⁷ 2017, with regard to the amounts paid to purchase and install a stove, either 40
9 percent of such amounts or \$2,000, whichever is less.

10 ²⁰¹⁷ e. For taxable years beginning after December 31, ²⁰¹⁴ 2016, and before January
11 1, ²⁰²⁰ 2020, with regard to the amounts paid to purchase and install a furnace or boiler,
12 either 20 percent of such amounts or \$3,000, whichever is less.

13 ²⁰¹⁷ f. For taxable years beginning after December 31, ²⁰¹⁴ 2016, and before January 1,
14 ²⁰²⁰ 2020, with regard to the amounts paid to purchase and install a stove, either 30
15 percent of the such amounts or \$1,500, whichever is less.

16 g. For taxable years beginning after December 31, 2019, and before January
17 1, 2021, with regard to the amounts paid to purchase and install a furnace or boiler,
18 either 15 percent of such amounts or \$2,250, whichever is less.

19 h. For taxable years beginning after December 31, 2019, and before January
20 1, 2021, with regard to the amounts paid to purchase and install a stove, either 20
21 percent of such amounts or \$1,000, whichever is less.

22 2. For items that are installed on property that is assessed as manufacturing
23 property under s. 70.995:

- 1 ²⁰¹³ a. For taxable years beginning after December 31, 2010, and before January
- 2 ²⁰¹⁴ 1, ~~2014~~ with regard to the amounts paid to purchase and install a furnace or boiler,
- 3 either 30 percent of such amounts or \$45,000, whichever is less.
- 4 ²⁰¹³ b. For taxable years beginning after December 31, 2010, and before January
- 5 1, ~~2014~~ with regard to the amounts paid to purchase and install a stove, either 50
- 6 percent of such amounts or \$2,500, whichever is less. ²⁰¹²
- 7 ²⁰¹⁵ c. For taxable years beginning after December 31, ~~2013~~ and before January
- 8 1, ~~2017~~ with regard to the amounts paid to purchase and install a furnace or boiler,
- 9 either 25 percent of such amounts or \$37,500, whichever is less. ²⁰¹²
- 10 ²⁰¹⁵ d. For taxable years beginning after December 31, ~~2013~~ and before January
- 11 1, ~~2017~~ with regard to the amounts paid to purchase and install a stove, either 40
- 12 percent of such amounts or \$2,000, whichever is less. ²⁰¹⁴
- 13 ²⁰¹⁷ e. For taxable years beginning after December 31, ~~2016~~ and before January
- 14 1, ~~2020~~ with regard to the amounts paid to purchase and install a furnace or boiler,
- 15 either 20 percent of such amounts or \$30,000, whichever is less. ²⁰¹⁴
- 16 ²⁰¹⁷ f. For taxable years beginning after December 31, ~~2016~~ and before January 1,
- 17 ~~2020~~ with regard to the amounts paid to purchase and install a stove, either 30
- 18 percent of such amounts or \$1,500, whichever is less.
- 19 g. For taxable years beginning after December 31, 2019, and before January
- 20 1, 2021, with regard to the amounts paid to purchase and install a furnace or boiler,
- 21 either 15 percent of such amounts or \$22,500, whichever is less.
- 22 h. For taxable years beginning after December 31, 2019, and before January
- 23 1, 2021, with regard to the amounts paid to purchase and install a stove, either 20
- 24 percent of such amounts or \$1,000, whichever is less.

(c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

2. The maximum amount of the credits that may be claimed under this subsection and ss. 71.07 (6f) and 71.47 (6f) for items installed on commercial or manufacturing property is \$1,000,000 in 2011, \$2,000,000 in 2012, \$3,000,000 in each year from 2013 to 2018, \$4,000,000 in 2019, and \$3,000,000 in 2020, except that the department may allocate the amount of any unused credits from one year to another year.

3. The department may prorate the amount of the credits claimed under this subsection and ss. 71.07 (6f) and 71.47 (6f) so that the limitations under subd. 2. are not exceeded.

(d) *Administration.* 1. Subsection (4) (e), (g), and (h), as it applies to the credit under sub. (4), applies to the credit under this subsection.

2. If a credit computed under this subsection is not entirely offset against Wisconsin income or franchise taxes otherwise due, the unused balance may be carried forward and credited against Wisconsin income or franchise taxes otherwise due for the following 3 taxable years to the extent not offset by these taxes otherwise due in all intervening years between the year in which the expense was incurred and the year in which the carry-forward credit is claimed.

\$4,000,000 in 2014, \$4,000,000 in 2015, and \$3,000,000 in 2016

(e) *Sunset*. No new claim may be filed under this subsection for taxable years beginning after December 31, ~~2020~~ 2016

SECTION 7. 71.30 (3) (af) of the statutes is created to read:

71.30 **(3)** (af) The thermal biomass heating systems credit under s. 71.28 (6f).

SECTION 8. 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Acts 2 and 28, is amended to read:

71.34 **(1k)** (g) An addition shall be made for credits computed by a tax-option corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (6f), and (8r) and passed through to shareholders.

SECTION 9. 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Acts 2 and 28, is amended to read:

71.45 **(2)** (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (6f), and (8r) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

SECTION 10. 71.47 (6f) of the statutes is created to read:

71.47 **(6f)** THERMAL BIOMASS HEATING SYSTEMS CREDIT. (a) *Definitions*. In this subsection:

1. "Air quality standards" means all requirements under ch. 285 and 42 USC 7401 to 7671q.

2. "Biomass" has the meaning given in s. 196.378 (1) (ar).

3. "Claimant" means a person who files a claim under this subsection.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.43, up to the amount of those taxes, one of the following amounts that the claimant paid in the taxable year to purchase and install in the claimant's place of business in this state a stove, furnace, or boiler that generates heat from biomass by providing an energy efficiency conversion of at least 75 percent and meets any air quality standards that apply to the stove, furnace, or boiler on the day on which the stove, furnace, or boiler is purchased:

1. For items that are installed on property that is assessed as commercial property under s. 70.32 (2) (a) 2.:

2013 a. For taxable years beginning after December 31, 2010, and before January 1, 2014, with regard to the amounts paid to purchase and install a furnace or boiler, either 30 percent of such amounts or \$4,500, whichever is less.

2013 b. For taxable years beginning after December 31, 2010, and before January 1, 2014, with regard to the amounts paid to purchase and install a stove, either 50 percent of such amounts or \$2,500, whichever is less.

2015 c. For taxable years beginning after December 31, 2013, and before January 1, 2017, with regard to the amounts paid to purchase and install a furnace or boiler, either 25 percent of such amounts or \$3,750, whichever is less.

2012 d. For taxable years beginning after December 31, 2013, and before January 1, 2017, with regard to the amounts paid to purchase and install a stove, either 40 percent of such amounts or \$2,000, whichever is less.

2015

2017

2014

1 e. For taxable years beginning after December 31, 2010, and before January
2 1, 2020, with regard to the amounts paid to purchase and install a furnace or boiler,
3 either 20 percent of such amounts or \$3,000, whichever is less.

2017

2014

4 f. For taxable years beginning after December 31, 2010, and before January 1,
5 2020, with regard to the amounts paid to purchase and install a stove, either 30
6 percent of the such amounts or \$1,500, whichever is less.

7 g. For taxable years beginning after December 31, 2019, and before January
8 1, 2021, with regard to the amounts paid to purchase and install a furnace or boiler,
9 either 15 percent of such amounts or \$2,250, whichever is less.

10 h. For taxable years beginning after December 31, 2019, and before January
11 1, 2021, with regard to the amounts paid to purchase and install a stove, either 20
12 percent of such amounts or \$1,000, whichever is less.

13 2. For items that are installed on property that is assessed as manufacturing
14 property under s. 70.995:

2013

15 a. For taxable years beginning after December 31, 2010, and before January
16 1, 2014, with regard to the amounts paid to purchase and install a furnace or boiler,
17 either 30 percent of such amounts or \$45,000, whichever is less.

2013

18 b. For taxable years beginning after December 31, 2010, and before January
19 1, 2014, with regard to the amounts paid to purchase and install a stove, either 50
20 percent of such amounts or \$2,500, whichever is less.

2012

21 c. For taxable years beginning after December 31, 2013, and before January
22 1, 2017, with regard to the amounts paid to purchase and install a furnace or boiler,
23 either 25 percent of such amounts or \$37,500, whichever is less.

2015

1 ²⁰¹⁵ d. For taxable years beginning after December 31, ²⁰¹² ~~2013~~ and before January
2 1, ²⁰¹⁶ ~~2017~~ with regard to the amounts paid to purchase and install a stove, either 40
3 percent of such amounts or \$2,000, whichever is less.

4 ²⁰¹⁷ e. For taxable years beginning after December 31, ²⁰¹⁴ ~~2016~~ and before January
5 1, ²⁰²⁰ ~~2020~~ with regard to the amounts paid to purchase and install a furnace or boiler,
6 either 20 percent of such amounts or \$30,000, whichever is less.

7 ²⁰¹⁷ f. For taxable years beginning after December 31, ²⁰¹⁴ ~~2016~~ and before January 1,
8 ²⁰²⁰ ~~2020~~ with regard to the amounts paid to purchase and install a stove, either 30
9 percent of such amounts or \$1,500, whichever is less.

10 g. For taxable years beginning after December 31, 2019, and before January
11 1, 2021, with regard to the amounts paid to purchase and install a furnace or boiler,
12 either 15 percent of such amounts or \$22,500, whichever is less.

13 h. For taxable years beginning after December 31, 2019, and before January
14 1, 2021, with regard to the amounts paid to purchase and install a stove, either 20
15 percent of such amounts or \$1,000, whichever is less.

16 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
17 corporations may not claim the credit under this subsection, but the eligibility for,
18 and the amount of, the credit are based on their payment of amounts under par. (b).
19 A partnership, limited liability company, or tax-option corporation shall compute
20 the amount of credit that each of its partners, members, or shareholders may claim
21 and shall provide that information to each of them. Partners, members of limited
22 liability companies, and shareholders of tax-option corporations may claim the
23 credit in proportion to their ownership interests.

24 2. The maximum amount of the credits that may be claimed under this
25 subsection and ss. 71.07 (6f) and 71.28 (6f) for items installed on commercial or

1 manufacturing property is \$3,000,000 in 2011, \$4,000,000 in 2012, \$5,000,000 in
2 each year from 2013 to 2018, \$4,000,000 in 2019, and \$3,000,000 in 2020, except that
3 the department may allocate the amount of any unused credits from one year to
4 another year. ✓

5 3. The department may prorate the amount of the credits claimed under this
6 subsection and ss. 71.07 (6f) and 71.28 (6f) so that the limitations under subd. 2. are
7 not exceeded.

8 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
9 credit under s. 71.28 (4), applies to the credit under this subsection.

10 2. If a credit computed under this subsection is not entirely offset against
11 Wisconsin income or franchise taxes otherwise due, the unused balance may be
12 carried forward and credited against Wisconsin income or franchise taxes otherwise
13 due for the following 3 taxable years to the extent not offset by these taxes otherwise
14 due in all intervening years between the year in which the expense was incurred and
15 the year in which the carry-forward credit is claimed.

16 (e) *Sunset.* No new claim may be filed under this subsection for taxable years
17 beginning after December 31, 2020 2016

18 **SECTION 11.** 71.49 (1) (af) of the statutes is created to read:

19 71.49 (1) (af) The thermal biomass heating systems credit under s. 71.47 (6f).

20 **SECTION 12.** 77.92 (4) of the statutes, as affected by 2009 Wisconsin Acts 2 and
21 28, is amended to read:

22 77.92 (4) "Net business income," with respect to a partnership, means taxable
23 income as calculated under section 703 of the Internal Revenue Code; plus the items
24 of income and gain under section 702 of the Internal Revenue Code, including taxable
25 state and municipal bond interest and excluding nontaxable interest income or

↑ \$4,000,000 in 2014, \$4,000,000 in 2015,
and \$3,000,000 in 2016

1 dividend income from federal government obligations; minus the items of loss and
2 deduction under section 702 of the Internal Revenue Code, except items that are not
3 deductible under s. 71.21; plus guaranteed payments to partners under section 707
4 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
5 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),
6 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (6f) and (8r); and plus or minus, as
7 appropriate, transitional adjustments, depreciation differences, and basis
8 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,
9 loss, and deductions from farming. "Net business income," with respect to a natural
10 person, estate, or trust, means profit from a trade or business for federal income tax
11 purposes and includes net income derived as an employee as defined in section 3121
12 (d) (3) of the Internal Revenue Code.

13 (END)

End of
Insert 8-10